

REMARKS

Claims 1, 5, and 7-24 remain in this application. Claims 2-4 and 6 were previously canceled. All claims remain the same. Reconsideration of the claims as presented is requested.

Claims 1, 5, 7-20 and 24 stand rejected under 35 U.S.C. 112, 2nd para. as being indefinite. Examiner requests clarification of claims 1, 5, 7-20 and 24 as to whether the claims cover a system or software. Regarding claim 16, Examiner indicates that the system is missing a step concerning what step(s) would occur if the condition specified in the claim is met, since the claim already specifies what would occur when the conditions are not met. Insofar as it may apply to the present claims, this rejection is traversed.

Applicants note that claims 1, 5, 7-20 and 24 cover a “client logic engine-based system” comprising both software and hardware components. The wide area network comprises and is resident in multiple nodes. The transaction client logic engine, third party fee calculation client logic engine and third party fee fulfillment client logic engine are software components residing on corresponding nodes, and “at least one node is a computer program storage device readable by a computer”. Accordingly, Applicants respectfully submit that the claim clearly specifies both software and hardware components, which together form the claimed “system”.

As to claim 16, Applicants respectfully submit that claims in the United States are open-ended, especially when the claim preamble includes term “comprising”. Only the required steps of the process need to be specified in claim 16, so that the claim can cover infringing processes that include, at least, all of the steps specified in the claim regardless of whether or not the infringing process includes other unspecified steps. In other words, it is permissible in U.S. practice to omit unnecessary steps, i.e. steps that do not lead to the result intended or specified in a claim. Applicants submit that claim 16 merely adds another component (the logic protocol) to the system of claim 1.

Applicants submit that this rejection has been overcome and request that it be withdrawn.

Claims 1, 5 and 7-24 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Sullivan (U.S. Publ. 2003/0093320) in view of Agee et al. (U.S. Publ. 2003/0097303). Examiner has repeated many of the arguments of record and has added further argumentation regarding how one might consider the third party service provider system (62) of Agee et al. to be a

gateway. Examiner repeatedly mentions (pg. 23, 25-26, 29, 31-32, 34-35 and 37-39) the various elements that Sullivan does not disclose and then relies upon Agee et al. as disclosing the missing elements. Insofar as it may apply to the present claims, this rejection is traversed.

Examiner's arguments include several different aspects: a) definition of a "payment processing gateway" in Applicants' specification versus definition of "third party service provider" of Agee; b) definition of "payment gateway" as part of determining the definition of "payment processing gateway"; and c) incorporation of the tax system of Sullivan in the tax system of Agee.

Applicants' prior comments of record are equally applicable and are incorporated herein by reference.

*Payment processing gateway*

Examiner argues:

"This quotation gets at the current fundamental issue in this application, with respect to the prior art rejections: can the third party service provide of Agee properly be considered a payment processing gateway, as Examiner has interpreted? Examiner believes that it can, under the following reasoning. Regarding Applicant's comments in the immediately preceding quotation, Applicant appears to place great emphasis on the name given to an element in Agee in determining what the element is. While Examiner agrees that the name give to an element is relevant to determining what the element is, it should not be single controlling factor. Examiner believes that the ultimate question as to what an element is should be whether or not it matches the definition of a term in question." (pg.4 of office action).

Secondly, the mere existence of another element in Agee labeled "gateway" by Agee does not preclude the third party provider from, in fact being a gateway itself. Again examiner argues that the ultimate question deciding this issue is whether or not the third party service provider matches the definition of a payment processing gateway. There is no reason to believe that there may be only one element at a time in Agee which may be considered to, in fact, be a gateway. Furthermore, it is actually quite reasonable to believe that, in the embodiments of Agee in which the element labeled "gateway" is bypassed, another element may be taking over the functions of the bypassed gateway. (pg. 5)

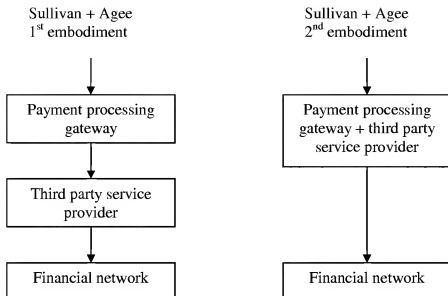
While it is true that one must consider the function of a prior art element in determining its relevance to an element included in one's claim(s), Examiner must be careful not to assume that the required features of one element (the payment gateway) can be or is indeed taken over by another element (the third party provider). This is especially true when the art of record clearly

and separately identifies the two different elements and even includes embodiments wherein both elements are present and wherein one element is bypassed.

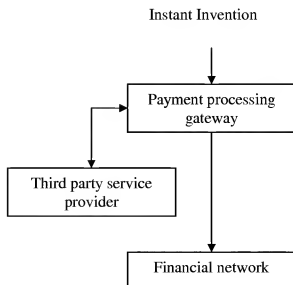
Examiner goes through some effort to arrive at a definition of “payment gateway” by relying upon a few third party resources and then goes on to equate the instant “payment processing gateway” with the “third party service provider” of Agee. Examiner infers that the gateway and third party service provider are interchangeable and, based upon that assumption, rejects the instant claims as being obvious. Examiner argues Agee et al. (FIG. 7B; paragraphs [0084], [0086]) discloses an embodiment wherein the Gateway (62) is bypassed and the Merchant communicates directly with the Third Party Service Provider, which communicates with a Tax Service Provider. Accordingly, Examiner’s states, “It is actually quite reasonable to believe that, in the embodiments of Agee in which the element labeled “gateway” is bypassed, another element may be taking over the functions of the bypassed gateway.”

Examiner speculates (“quite reasonable to believe”) that Agee’s third party provider “may be taking over the functions of the bypassed gateway”. Applicants respectfully submit that such speculation is unfounded and impermissible. Agee specifically individually identifies and separates the functions of the payment processing gateway and the third party provider. Agee then provides embodiments wherein the payment processing gateway is “bypassed”. Applicants note that the term “bypass”, as used by Agee, is taken to mean that the payment processing gateway and its function are taken out of the logic flow of data. In other words, the use of the payment processing gateway is circumvented or avoided.

Applicants respectfully submit that such conclusions contradict the disclosure of Agee. Agee details numerous different embodiments of a tax system, some with a payment gateway and some without. Below, Applicants have drawn schematically the different embodiments that examiner postulates.



In each embodiment resulting from the prophetic combination of Sullivan and Agee, the third party service provider communicates directly with the financial network. As previously noted and presently claimed, the instant invention does not include any such embodiment. The schematic for the instant invention is as follows:



Notice that the third party service provider does not communicate directly with the financial network.

Applicants note that Examiner must do more than speculate that the structure and function of one element of the prior art may be replaced with that of another element of the prior art. Examiner has failed to show where Agee suggests or discloses that the third party provider can or should assume the structure and function of the payment processing gateway when the payment processing gateway is bypassed. Applicants respectfully submit that even if Agee was to suggest that the third party provider can or should assume the structure and function of the payment processing gateway, such a prophetic embodiment would still not operate as claimed. This is because the instant payment processing gateway is present, not absent or bypassed, and the instant third party provider still does not communicate directly with the financial network. Applicants ask, "If the third party provider of Agee is equated with the instant payment processing gateway, what function or purpose would the instant third party provider have in such a prophetic embodiment? It would seem to be redundant. Still, the instant claims specifically separate the structure and function of the third party provider and the payment processing gateway for the main purpose to preclude the third party provider from being serving as an intermediary in the financial flow. Where both of Examiner's embodiments place the third party provider as an intermediary, the instant claims preclude such an embodiment.

Applicants note that Agee specifically assigns function of a payment processing gateway to be an independent, stand alone, element. The distinction in Agee between the third party service provider and the payment gateway is very clear. In Para [0044], Agee states that the merchant uses a computer (or payment terminal) to transmit transaction information to its acquirer bank through the gateway computer. Agee's use of "gateway computer" matches the definition of the function "Payment Processor Gateway", as defined by examiner, specifically, Agee's "gateway computer" is used to transmit transaction information between two different networks, (i) that of the merchant; and (ii) that of the acquirer bank.

In the following sentence, Agee says that the merchant may transmit "information directly to the acquirer bank, bypassing the gateway." In light of the above interpretation and definition of the term "gateway computer", a more reasonable interpretation of Agee's disclosure would be that in the alternative system (gateway is bypassed) the merchant system and the acquirer bank can communicate directly, and the use of the "gateway computer" inter-network

interpretative services function are not required. Therefore Agee used the word "bypass" rather than an alternative adjective which could have been used should Agee indeed intended for the gateway computer to have been integrated into, or part of, the existing network. In other words, it is more reasonable to interpret Agee's alternative claim to one in which the function of the gateway computer is excluded from this alternative process.

*Incorporation of tax system of Sullivan into tax system of Agee*

Applicants respectfully submit that the prophetic combination of the disclosures of Sullivan et al. and Agee et al. fails to suggest the invention as claimed. Examiner already acknowledges: a) "Sullivan fails to disclose that the tax system receives transaction data from the payment processing gateway."; b) "Sullivan fails to disclose wherein the tax system components are divided in the manner specified in claim 1 among multiple computers at separate nodes of the network which communicate with each other."; c) "Sullivan fails to disclose a payment processing gateway, residing on a node within the wide area network distinct from and at a different locale than the nodes of the first and second party..."; and d) Agee et al. places the tax payment system (the third party service provider) as an intermediary between the buyer and the seller.

However, a key distinction between the prophetic system and the instantly claimed system is that the third party service provider does not serve as an intermediary between the buyer and seller in the instant system; whereas, the prophetic embodiment, as argued by Examiner, requires that the third party service provider serve as an intermediary between the buyer and seller. The two embodiments are opposite one another. Thus, the prophetic combination of references merely arrives at an embodiment that is opposite that of the claimed embodiment.

*Claims 21-24*

With regard to claim 21, Applicants' prior arguments of record are equally applicable here as well. Examiner acknowledges that Sullivan et al. does not disclose or suggest "wherein the tax system components are divided in the manner specified in claim 21" and then argues that Sullivan discloses division of the logic engines of its system and relies upon Agee et al. as suggesting that "the third party service provider 62 system can be regarded as a payment processing gateway." Moreover, Sullivan et al. does not disclose or suggest a transaction client logic engine that is "adapted to receive from a third party fee fulfillment client logic engine one

or more information data packets comprising authorization and fulfillment data for the transfer of funds and to transmit said one or more information data packets to the payment processing gateway.” This is because the third party service provider of Agee et al. transmits the data directly to the financial network rather than back to the payment processing gateway.

With regard to claim 22, Applicants’ prior arguments of record are equally applicable here as well. The prophetic combination of Sullivan et al. and Agee et al. fails to suggest a third party fee calculation client logic engine wherein said logic engine receives “one or more information packets from a transaction client logic engine, said one or more information packets from the transaction client logic engine having been transmitted to the transaction client logic engine by a payment processing gateway” and transmits “to the transaction client logic engine, to a third party fee fulfillment client logic engine, or to a payment processing gateway a transaction data information packet including said third party fees owed.” The system of Sullivan et al. fails to disclose the specified pathway and information content.

With regard to claim 23, Applicants’ prior arguments of records are equally applicable here as well. The prophetic combination of Sullivan et al. and Agee et al. fails to suggest such a logic engine wherein said logic engine “determines the third party fees owed on a transaction between the first and the second party; provides authorization and fulfillment data for the third party fees owed on the transaction between the first and the second party; and transmits to a payment processing gateway or the transaction client logic engine one or more information data packets comprising authorization and fulfillment data for the transfer of funds.” The system of Sullivan et al. fails to disclose the specified pathway and information content.

Accordingly, Sullivan does not disclose the invention as claimed. Applicants respectfully submit that this rejection has been overcome and request that it be withdrawn.

#### *Supporting case law*

Perhaps, the most salient issue concerns Examiner’s comment, “It is unclear to Examiner why details of the tax system in Sullivan could not be incorporated into the tax system of Agee for purposes of combining the two configurations, or why such a combination would be rendered inoperable, simply because Agee’s tax system may result in having features which it did not have previously.” Examiner’s inference is that the tax system of Sullivan **could be** incorporated into the tax system of Agee.

Applicants respectfully submit that Examiner's analysis is in fact improper in determining patentability under 35 U.S.C. 103(a). The proper analysis is whether or not the art motivates an artisan to modify one disclosure with another to arrive at the invention claimed, in other words, whether or not Sullivan, as the primary reference, suggests or discloses to the artisan that Sullivan's disclosure **should be** combined with that of Agee, **not** whether or not the disclosure of Sullivan **could be** combined with that of Agee. Moreover, the teachings and **expectation of success** in combining the art must come from the art.

1. The prior art reference or combination of references must teach or suggest all the limitations of the claims. (*In re Wilson* 424 F.2d 1382, 1385, 165 U.S.P.Q. 494, 496 (C.C.P.A. 1970))

In this regard, the prior art, taken together or alone, does not teach or suggest the instant system, wherein the third party service provider does not communicate with the payment processing gateway. Moreover, in Examiner's prophetic embodiment, the Tax Service Provider of Agee et al. must necessarily possess the structure, logic and function of a combination of the three remaining elements in the claim: a transaction client logic engine, a third party fee calculation client logic engine, and a third party fee fulfillment client logic engine. However, that is not the case. The Tax Service Provider of Agee et al. does not possess all of the logic and function of the remaining three client logic engines of the instant invention. So, Examiner's prophetic embodiment, wherein the Third Party Service Provider can be considered a Gateway, would not result in the invention as claimed.

2. The teachings or suggestions, as well as the expectation of success, must come from the prior art, not applicant's disclosure. (*In re Vaeck* 947 F.2d 488, 493, 20 U.S.P.Q.2d 1438, 1442 (Fed. Circ. 1991))

Since there is no disclosure in the cited art of the instant claimed embodiments, there cannot be any expectation of success in formulating such a combination of components from the components disclosed by Sullivan and Agee.

3. The motivation to modify the prior art must flow from some teaching in the art that suggests the desirability or incentive to make the modification needed to arrive at the claimed invention. Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching, suggestion or



incentive supporting the combination. (*In re Greiger* 815 F.2d 686, 688, 2 U.S.P.Q.2d 1276, 1278 (Fed. Cir. 1987) The mere fact that the prior art can be so modified does not make the modification obvious unless the prior art suggests the desirability of the modification. (*In re Godeon* 733 F.2d 900, 902, 221 U.S.P.Q.1125, 1127 (Fed. Cir. 1984). The Federal Circuit has repeatedly warned that the requisite motivation must come from the prior art, not applicants' specification. (*In re Dow Chem. Co. v. American Cyanamid Co.*, 837 F.2d 469, 473, 5 U.S.P.Q.2d 1529, 1531-1532 (Fed. Cir. 1988). There must be a reason or suggestion in the art for selecting the procedure used, other than the knowledge learned from the applicants' disclosure. Using an applicants' disclosure as a blueprint to reconstruct the claimed invention from isolated pieces of the prior art contravenes the statutory mandate of §103 which requires judging obviousness at the point in time when the invention was made. (*In re Grain Processing Corp. v. American Maize-Prods. Co.*, 840 F.2d 902,907, 5 U.S.P.Q.2d 1788 (Fed. Cir. 1988) Care must be taken to avoid hindsight reconstruction by using the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims in suit. (*Id.* At 907, 5 U.S.P.Q.2d at 1792).

In this regard, Applicants question where the cited references provide the motivation to make the proposed prophetic combination. Examiner has combined a reference (Sullivan), concerning a tax compliance/auditing system, with another reference (Agee), concerning a particular type of tax collection system for on-line transactions. Even though both references concern some aspect of electronic tax collection systems, they have different purposes and functions. Only if one improperly picks and chooses bits and pieces of the prior art might one possibly arrive at the proposed prophetic combination. However, as noted above, the prophetic combination does not arrive at the instant claimed embodiment. Instead, the prophetic combination arrives at embodiments, specifically identified by Examiner, wherein the third party service provider communicates directly with the financial network, and those embodiments are in opposite embodiments currently claimed, whereby the third party service provider does not communicate directly with the financial network.

In view of all the foregoing, Applicants respectfully submit that they have made a diligent effort to place the application in form for allowance. An early notice thereof is respectfully requested.

Respectfully submitted,

Date: February 9, 2010  
Innovar, L.L.C.  
P.O. Box 250647  
Plano, TX 75025-0647  
Ph.: 972-747-7373  
Fax: 972-747-7375

/RICK MATOS/  
Rick Matos  
Registration No. 40,082  
Agent for Applicant  
Email: innovarllc@sbcglobal.net